

# The WHEAT POOL

and Its  
Accomplishments



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1943



# THE WHEAT POOL

## *and Its Accomplishments*

“Of what benefit has the Pool been to Saskatchewan agriculture” is a question that the Wheat Pool Committees are constantly being asked. Here are some of the answers:

1. The Pool has built, bought, and paid for 1093 country elevators and three terminal elevators at the Head of the Lakes and one at Buffalo. In order to assist in meeting the recent abnormal storage problem, Pool Elevators have erected 1,182 temporary bins, and have constructed temporary terminal storage for an additional 10,000,000 bushels at the Head of the Lakes. The country storage capacity now stands at 63,628,000 bushels. These have been literally acquired with Pool members' pennies.

2. By efficient and careful management of its elevators (although always putting service before profits), the Pool has earned large sums of money which have considerably benefited the shareholders.

Every grower, every member of a Wheat Pool Committee, is intimately concerned with the earnings of Saskatchewan Pool Elevators Limited, yet neither the earning capacity of this great farmer-owned system, nor the extent of its past earnings, nor the distribution of those earnings, is as generally appreciated as it should be.

### DISTRIBUTION OF EARNINGS

#### Grain Handlings

From 1924, when the Wheat Pool started to operate, to July 31st, 1942, the total receipts of all grains, through Pool Elevators and over the platform amounted to 1,289,497,900 bushels. Of this, 1,092,812,529 bushels were also handled through the Pool's Terminal Elevator facilities. During these 18 years the operation of our Elevator System yielded in earnings a total of \$43,082,636.84, which is accounted for as follows:

1.—Depreciation Reserve.....	\$14,562,029.08
2.—Interest on Co-op Elev. Co. Purchase.....	2,150,331.29
3.—Operating Reserve.....	3,637,134.84
4.—Insurance Reserve.....	100,000.00
5.—Undivided Profits.....	712,989.40
6.—Organization, Advertising and Administrative Expense.....	1,077,853.15
7.—Total (used to build and strengthen the system).....	<u>\$22,240,337.76</u>

The balance of the earnings amounting to \$20,842,299.08 has been paid; either directly to the shareholders in cash, or paid on their behalf, as follows:

A. Patronage Dividend, Year 1924-28.....	\$ 4,256,040.82
B. Patronage Dividend, Years 1929-38\$ 2,849,253.10	
Less Applied on Individual Overpay- ments 1929 (included in H below).....	2,559,217.44
	<hr/>
	\$ 290,065.66
C. Patronage Dividend, Year 1939-40.....	290,065.66
D. Patronage Dividend, Year 1940-41.....	479,684.13
E. Patronage Dividend, Year 1941-42.....	875,011.07
F. Interest Paid on Deductions.....	1,030,000.00
G. Farm Storage—1928 Crop.....	1,915,273.80
H. Paid on Principal to Govt. of Sask. a/c 1929 Over- payment.....	306,456.74
I. Paid on Interest to Govt. of Sask. a/c 1929 Over- payment.....	5,461,288.17
	<hr/>
	6,228,478.69
	<hr/>
Total.....	\$20,842,299.08
Add the amount of Item No. 7.....	22,240,337.76
	<hr/>
Accounts for the total earnings.....	\$43,082,636.84
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These items are more fully explained below:

### 1.—Depreciation Reserve—\$14,562,029.08:

This item represents cash set aside from earnings year by year, to replace the shrinkage of capital as buildings and equipment lost value through use and age. The money has been re-invested in the system by way of repairs, replacement or new construction, and when not immediately required in that way, it has increased the cash working capital.

### 2.—Interest on Co-op Elevator Company Purchase—\$2,150,331.29:

This item is self-explanatory. Pool Elevators paid the interest from its earnings year by year till the transaction was completed in August, 1933.

### 3.—Operating Reserve—\$3,637,134.84:

The operating reserve of Pool Elevators is vital to the successful operation of the Company. It can only be built up from earnings. At July 31st, 1942, the above sum had been placed in this reserve, which forms part of the working capital.

The experience of the year 1937 can be cited as evidence of the great importance of this reserve to the safe operation of the Company. That year was the most disastrous in the history of grain production in Saskatchewan. Despite the fact that Pool Elevators Limited received only 15,172,108 bushels of grain in its Country Elevators, averaging 16,600 bushels per elevator, it was able to keep open 914 of a total of 1,091 of its elevators as a service to the growers. Having its elevators open, Pool Elevator agents were able to co-operate with government agencies in distributing seed and feed where most needed. In this work 9,441,930 bushels of all grains and grades needed were handled through the system at little cost to the government or grower.

The total operating loss for that year consequently amounted to \$1,315,625.21 which amount was taken care of by the operating reserve which in that year was reduced from \$3,125,450.08 to \$1,809,824.87. Had this reserve not been available Pool Elevators would not have been able to render this service in that devastating year.

This reserve, therefore, serves two functions:

- (a) In favorable seasons, when larger funds are needed to carry on the operations of the Company, it serves as working capital.
- (b) In unfavorable seasons, it provides the means to permit the Company to carry on its operations in the service of its members, when the prospective loss of earnings would otherwise curtail such activities.

It is in the interest of the growers, therefore, that this reserve should be built up in favorable years to provide a safe margin for the carrying out of both functions.

**4.—Insurance Reserve—\$100,000.00:**

This reserve was established to provide for any losses which might be incurred in excess of the amounts for which Agents and Payors are bonded. Losses in this connection have been negligible. The money is used as working capital.

**5.—Undivided Profits—\$712,989.40:**

As at July 31st, 1942, this sum remained in the undivided profits account which is also part of the Company's Working Capital, and may be used by the Board of Directors for any legitimate purpose of the organization.

**6.—Organization, Advertising and Administration Expense—\$1,077,853.15:**

This is the amount contributed by Pool Elevators as its share in the cost of organization, advertising, administration and Delegates' meeting expense, during the past 18 years.

**A.—Patronage Dividend—\$4,256,040.82:**

It is well to remind our members that during the years 1925-1928 this large sum of money was paid in cash, as dividends to shareholder-patrons of Pool Elevators.

It is also well to remember that since 1929 there has been paid to the Government of Saskatchewan (on behalf of the Shareholders) a yearly sum of about \$1,125,000 in principal and interest to liquidate the 1929 overpayment.

**B.—Patronage Dividend, 1929-38—Balance Distributed—\$290,065.66:**

At the Annual Meeting of Delegates in November, 1929, a resolution was passed recommending that (as earnings were available) the Board of Directors should proceed with a plan to revolve the Elevator and Commercial Reserve Deductions, as a part of the policy of paying Patronage Dividends. A start in this direction has been made.

From 1928 to the expiry of the second contract no deductions were taken.

Since that time new shareholders have been admitted upon the payment of \$1.00 share, so a large group of shareholders have delivered grain and built up credits, who had no investment in the Company apart from a single share. Against this, many original Contract Signers have died and the deductions are tied up in Estates. It is recognized that these Estates should be cleared up and that the deductions should be transferred to those who are patronizing Pool Elevators and have earnings to their credit.



Having this in mind it was decided to use what was left of the Patronage Dividend paid on deliveries between the years 1929 and 1938 after having applied each grower's credit against his 1929 Overpayment, to purchase deductions from Estates and others, and an offer was made to purchase deductions from Estates at 50 cents on the dollar. These transactions were limited to the amount of money available for the purpose. The offer was entirely optional. Estates could accept or reject as they saw fit, within the time limit stated in the offer.

This offer was made in view of the fact that in the year 1938-39 the growers' equity in the organization was 51.8 percent of the Assets less Liabilities. This equity is now 67.8 percent, hence the subsequent offers at 60 cents on the dollar.

The offers were made to those estates of which the office first had record, and continued in that order until enough acceptances were received to absorb the money available. The deductions so purchased were transferred to Shareholders whose deliveries of grain had built up credits.

The balance of the earnings for this period amounting to \$2,559,217.44 was paid to the Government of Saskatchewan in part liquidation of the 1929 overpayment of the growers concerned, and shows in this table as a portion of the item of \$5,461,288.17 under (H).

#### **C.—Patronage Dividend, 1939-40—\$479,684.13:**

This money was set up as Patronage Dividend from the earnings of 1939-40 to be distributed on the basis of  $\frac{1}{2}$  cent per bushel on grain delivered to the organization during that season.

The sum of \$239,981.01 was paid out to the growers in cash; and \$239,703.12 was used to purchase deductions from estates on behalf of the growers at 60 cents on the dollar. This, of course, means that every grower with a credit, received a dollar's worth of deduction certificates for each 60 cents credited to him.

#### **D.—Patronage Dividend, 1940-41—\$875,011.07:**

Out of this dividend \$441,350.34 was paid out in cash in February, 1942. The balance amounting to \$433,660.73 was used to purchase deductions from estates and others at 60 cents on the dollar in the same way as was done the previous year.

#### **E.—Patronage Dividend, 1941-42—\$1,030,000.00:**

As has been the practice in the previous two years, 50% of this dividend is to be paid out in cash, and the balance used for the purchase of deductions from estates and retired and aged farmers, on behalf of those to whom the dividend is credited.

It will be seen, therefore, that in every year in the history of the Wheat Pool except 1938-39, Pool members have received the benefit of a patronage dividend in one form or another.

#### **F.—Interest on Deductions—\$1,915,273.80:**

Interest on Elevator Deductions and Commercial Reserve Certificates was paid in cash during the early years of the Pool. The last payment was declared September 1st, 1930, but deferred throughout the depression period, when all companies were faced with critical financial conditions. Payment was made July 31st, 1941.

#### **G.—Farm Storage—\$304,456.74:**

This amount was paid in 1928 to those growers who co-operated with the company by holding grain on their farms during the rush season and delivering later when the facilities had space to handle it.

#### **H. and J.**

The agreement between the Government of Saskatchewan and the Wheat Pool in connection with the 1929 Overpayment calls for amortized payments of about \$1,125,000 each year. The amount has been met regularly and principal has been paid in the sum of \$5,461,288.17 while the interest payment has been \$6,228,478.69. As time goes on this position will be reversed. The principal payments will increase while the interest becomes less. As already stated, this money was paid on behalf of the Shareholders.

It should be noted that these are the figures as at July 31st, 1942.

In addition to the grain handled and the earnings as outlined above, the Pool has been able to make the following valuable contributions to improving conditions under which grain is handled, and to agriculture in general:

1. After a strenuous championship of the right of the grower to designate the Terminal Elevator to which he should ship his grain, the Pools were instrumental in obtaining a complete re-writing of the Canada Grain Act in 1930, and a re-organization of the Board of Grain Commissioners. The provisions of the new Act secured:

- (a) The right of the grower to choose the Terminal to which he wished to ship his grain;
- (b) A re-classification of all grades of grain;
- (c) A curtailment of Terminal Elevator mixing;
- (d) The raising of the outturn and export standard grades to approximate quality of primary inspection grades;
- (e) Improvement in the handling of special bin grains;
- (f) A more effective procedure by which a shipper can call for re-inspection and make appeal if not satisfied with the final inspection.

2. In order further to safeguard the financial returns to growers, the Pool instituted a well-organized checking department of its own, by which samples of every carload of grain it handles is re-checked for grade and dockage and re-inspection is called for whether the grower asks for it or not, if it seems possible to get a better grade.

3. To assure to the grower all that his shipment would yield, the Pools succeeded in obtaining settlement for him on a separation basis for the different grains which occurred in the carload which could be separated at the terminal.

4. As a further step towards making sure that the grower would receive settlement for the grade of his shipment, the Pool originated the automatic sampler which draws an accurate sample of the car unloading at the Terminal. This sampler is now standard equipment in large Terminals.

5. As an additional service to its members the Pool organized a statistical department and inaugurated a system of comprehensive weekly crop reports. These reports are now considered the most authoritative that are being issued.

See Mr. Colmore

6. The Pool renders great service by establishing facilities for making germination tests. Since this service was inaugurated, 119,025 individual germination tests have been conducted. 15,000 samples have been checked for grade and dockage and more than 10,230 samples were prepared and distributed among school children. ~~In the present season from August, 1942, to April 27th, 1943, 24,002 germination tests were conducted. During the same period 8,401 moisture tests were made.~~ Since August, 1929, when this work was first started, there have been 39,764 individual moisture tests made in the Pool Laboratory.

7. The Pool has been responsible for the distribution of better seed and has assisted in the development of suitable varieties of wheat and other grains.

8. Among the most successful work the Pool has accomplished has been the development of Junior Grain, Calf and Swine Clubs and Home Craft Clubs, which, in co-operation with the Extension Department of the University of Saskatchewan, foster in the boys and girls a greater appreciation of farm and home life.

9. In addition to a comprehensive library maintained at Head Office many travelling libraries have been circulated through local Pool Elevator agents. This has been a useful service and one which the public has appreciated.

10. As part of the objectives for which the Pool was organized, the maintenance and development of a sound agriculture, the Pool continues to make strenuous efforts by way of efficient marketing the encouragement of every form of Co-operative effort, the advocacy of parity prices for agricultural products, and equitable debt legislation to achieve those objectives.

11. The Pool, and its Elevator Company, was the only grain handling organization that gave assistance and sympathetic support to the development of the Hudson Bay Route as an outlet for Western grain.

12. Perhaps the Pool's greatest achievement has been in persuading the Federal Government after the collapse of June, 1930, that the marketing of Canadian grain was a national responsibility. When the Pools took this stand they meant that a national marketing board was a necessity. They worked strenuously to that end, and after some years of stabilization operations were successful in getting a wheat marketing board established in 1935.

The Pools' efforts in obtaining a more adequate price for wheat is dealt with in subsequent pages.

13. At the same time the Pools fought alone for a guaranteed minimum price for wheat. The justice of this was finally recognized by the government, which set for that year (1935) a minimum price of 87½ cents per bushel. Again in 1938, after two years of short crop in which the board did not operate, the Pools were responsible for the active operation of a Wheat Board, and a guaranteed minimum price of 80c was secured. The price to the producer per bushel was much better than the open market, this meaning a greater revenue to all industry and a greater purchasing power all round.

The glut of wheat increasing in 1939 the Pools, with the support of business interests as well as the governments of the provinces, this time working through the Bracken Committee, were successful in having the Wheat Board



continued in operation, although Parliament reduced the minimum price to 70 cents. This would have been reduced to 60 cents but for the action of the Wheat Pools with the Bracken Committee in support. Whilst 70 cents was a disastrously low price, before the outbreak of war, the open market price of wheat was below 60 cents.

The greatest accomplishment that can be credited to the Wheat Pool is that wheat marketing is no longer a mystery. The Wheat Pool has opened up the secrets of the business to all its shareholders and any others who will take the trouble to read, or attend its meetings. No grain company, even those organized by the farmers, had done this before.

When car allotment restrictions were in effect in 1941 which prevented growers from freely using their own elevator facilities, the Wheat Pool fought for and ultimately obtained the removal of car allotment restrictions, thereby permitting growers to use their own elevator system.

When agricultural conditions became acute in the fall of 1941 due to low prices and deterioration of grade as a result of bad weather, the Saskatchewan Wheat Pool took the lead in organizing mass meetings which led up to the delegation of 400 farmers and business men to Ottawa, backed by 185,000 petition signers. This delegation succeeded in getting the statutory price of wheat raised from 70 to 90 cents per bushel, basis No. 1 Northern at Lakehead.

*Insert*



*Families*

## *The Story of the Past ~~Thirteen~~ Years*

To appreciate fully the significance of the foregoing, it is necessary to have a clear picture of conditions as they have confronted the Pools during the past few years. Events follow each other so rapidly these days, however, that it is difficult indeed to remember in detail even comparatively recent events, no matter how important they may be, and the following Summary may, therefore, prove useful.

**1929.**—The world-wide economic collapse set in. The Pools were charged with upsetting all markets, and with antagonizing European buyers by direct selling through their own agents in importing countries. Yet, during the period 1922-29, a period during which the Pools were operating, Canada enjoyed a greater percentage of world exports of wheat than at any other period.

Here is the comparison:

	1909-14	1922-29	1929-30	1931-32
Canadian Exports	14.1%	38.8%	29.4%	28.5%

**1930.**—The depression continued: markets continued their downward course. Pool members were not satisfied with the small initial payment of 60 cents which, in spite of expert recommendation of a 70 cent payment, was all the prevailing low price permitted, yet the payment had to be reduced three times in the case of wheat and twice in the case of coarse grains. The considerable quantities of the 1929 crop which the Pools were carrying aggravated the financing of the 1930 crop. The Banks became thoroughly alarmed as to the value of their se-

curity and the Pools sought and got a governmental guarantee of their loans. John I. McFarland (the choice of all concerned) was made Manager of the Central Selling Agency. He closed the European agencies of the Pool, but despite every effort to retrieve a bad situation, he was unable to sell the 1930 crop and the year ended in chaos.

**1931.**—Realizing the impossibility of continuing a Contract Pool, the Board of Directors released members from their contractual obligations. The Board of Directors of the Pool pointed out to the Government that the open market had been unable to stand up under pressure during the years that pooling operations had been carried on and only about half the grain had been hedged; and asked what was expected to happen next, with the Pool Elevators hedging all daily purchases.

The Pool Directors emphasized that, even with the short crop, the market was bound to be demoralized, but, whilst perhaps the Government realized the truth of this contention, the Pools' request for a National Marketing Board was not accepted. After constant pressure by the Pools, however, the Government agreed to pay a bonus on wheat of a nickel per bushel! Not much, it is true—nothing at all to the man with only coarse grains, but nevertheless five cents more to the man with wheat.

**1932-33.**—The agricultural industry was pretty well demoralized. The Pools assisted in framing Debt Adjustment Legislation, and made persistent efforts to persuade the public and the Government of the need for a National Marketing Board on the one hand, and the futility of the Grain Exchange on the other. The Ottawa Empire Economic Conference was called to devise means of making the best uses of the resources and the economic power of the Empire and to increase its markets. The Pools submitted a memorandum suggesting wider and freer markets, the stabilization of Empire currency and a National Marketing Board for wheat.

In December, 1932, wheat dropped to the lowest price in 400 years of recorded markets.

The opposition cry was, in effect, "Get rid of wheat surpluses and good times will return". To this the Pools replied, "Nothing will help but a Board to sell wheat as the market can absorb it".

A petition circulated in Saskatchewan by the Pools praying for a Marketing Board secured 107,000 names, but to no avail. The Government remained obdurate in its determination not to interfere with free and open markets, but after consideration of the Pool's representations offered as an alternative the stabilization of markets, by buying from the elevator companies as they hedged, to sell when the market appeared strong. Arrangements to this end were made.

The Pool's Central Selling Agency had the only machinery suited to this purpose and the Pools agreed to its use in the hope that stabilization operations would to some extent help in the matter of prices, until they could secure a Marketing Board.

Prices did substantially improve that year, as the following figures will show. That these stabilization operations were undertaken was unquestionably due to the pressure of the Pools.

## PRICES 1932-33

	High	Low	Average
August .....	59 $\frac{3}{4}$	53 $\frac{3}{8}$	56 $\frac{1}{4}$
September .....	55 $\frac{7}{8}$	49 $\frac{1}{4}$	51 $\frac{7}{8}$
October .....	49 $\frac{3}{8}$	45 $\frac{1}{8}$	48 $\frac{1}{4}$
November .....	48	44 $\frac{3}{4}$	46 $\frac{1}{4}$
December .....	45 $\frac{1}{2}$	39 $\frac{3}{8}$	42 $\frac{3}{8}$
January .....	46	42	44 $\frac{1}{4}$
February .....	47	44 $\frac{1}{2}$	45 $\frac{3}{4}$
March .....	53 $\frac{1}{8}$	46	49 $\frac{1}{8}$
April .....	59 $\frac{5}{8}$	49 $\frac{5}{8}$	53 $\frac{5}{8}$
May .....	65 $\frac{1}{2}$	59 $\frac{1}{4}$	63 $\frac{3}{8}$
June .....	79 $\frac{1}{8}$	62 $\frac{1}{8}$	66 $\frac{3}{4}$
July .....	94	73 $\frac{3}{8}$	83 $\frac{3}{8}$

**Note.**—On December 16th, during the mid-session, the price dropped to 38. Average for the year 54 cents.

Bearing in mind the heavy carry-over that year, it cannot be doubted that the stabilization operations were of use, certainly there can be no question but that these were due to the pressure of the Pools, supported by the farmers' educational organizations.

The average price for the first six months of the crop year was approximately 48 cents per bushel, and from February to July inclusive was approximately 60 cents, a gain of 12 cents per bushel.

**1933-34.**—This year saw continued pressure for a Marketing Board, but there was still strong opposition in political and grain-trade circles, and what was worse, considerable apathy and indifference on the part of the farmers. The Government extended stabilization operations as the surplus piled up. The hedging pressure became terrific. Mr. McFarland supported the Pools in their demand for further stabilization powers, and greater credits. Still averse to setting up a Marketing Board the Government acceded to the requests of the Pool and granted larger credits. In consequence the market held fairly firm, the price averaging above 68 cents, or 14 cents above the 1932-33 average. Pools'

**1934-35.**—Surpluses remained around 200 million bushels, with almost the same production as in the previous year. Hedging pressure was very heavy. Further credits were needed for stabilization. With all the pressure they could muster the Pools continued the demand for a Grain Marketing Board with certain compulsory features. The Government still refused a Wheat Marketing Board, but recognizing the Pool's claim that farmers have the same right to Government protection as other industries, continued its assistance. Outside selling finally convinced the Government that the Pool's request for a Marketing Board was sound, feasible, and necessary, and a Bill setting up a Marketing Board was introduced. Pool officials were called before the Agricultural Committee of the House of Commons to support their claim for a Marketing Board: the opposition, also called before that committee, endeavoured to delay action in the matter; but the Board was eventually set up, with its compulsory features inactive. This was a partial victory for the Pools. Stabilization operations continued throughout the year, and the price level remained around 82 cents average, i.e., 14 cents above the 1933-34 average. Pools'

**1935-36.**—A Government Marketing Board was in operation and there was much controversy over price. The Advisory Committee of the Board held out for a price of at least 95 cents as being the least the farmer should be expected to take. Trade representations were that 70

cents was the utmost the Board should pay. A compromise payment of  $87\frac{1}{2}$  cents was decided upon, a price  $17\frac{1}{2}$  cents higher than the Trade would have agreed to, and probably  $27\frac{1}{2}$  cents higher than would have been the price had there been no Pools working in the farmers' interests.

A new Government came into office in November, pledged to sell Canada's wheat and by getting rid of surpluses, restore prosperity. Against the expressed wishes of the Pools it proceeded to disband the Advisory Committee, and took no account of the Pools in establishing its marketing policy. A loss was sustained by the Government of 11 million dollars. The average cash price from August 1, 1935, to July 31, 1936, was  $84\frac{1}{2}$  cents: the Wheat Board price  $87\frac{1}{2}$  cents. It seems safe to assume that had there been no Board, hedging pressure would have driven the market much lower than it was. There was a good deal of rusted wheat in Saskatchewan and Manitoba that year, and it would be difficult, indeed, to compute how many farmers with low grade wheat benefited from receiving for it the Board price, which was 13 cents above market quotations.

**1936-37.**—In conformity with the policy of the Government to discourage the operation of the Wheat Board as much as possible in favor of the open market, it was decided to maintain a fixed price of  $87\frac{1}{2}$  cents per bushel, but to prohibit the Board from making any purchases unless the open market price fell below 90 cents per bushel.

World crop conditions and a consequent reduction in the surplus, resulted in a price structure being maintained throughout the year well above the 90 cent level. The Wheat Board, therefore, did not operate that year. The Pools were keeping up strong pressure for reinstatement of the Board, and the reappointment of the Advisory Committee, but nothing material was accomplished.

**1937-38.**—Crop failure, and surpluses disappeared! The contention of the Pools that surpluses would only disappear under an open-market policy under crop-failure conditions, and that a shortage of wheat under these conditions could only result in higher prices of seed and feed was proved correct. Again the Wheat Board did not operate.

**1938-39.**—Continued demands by the Pools for the reinstatement of the Marketing Board and a fixed price of 80 cents, or 20 cents higher than the average open market price throughout that crop year, were successful.

**1939-40.**—An Advisory Committee was appointed to the Wheat Board with only some grower representation, but the status of the committee was not considered satisfactory to the farmer interests.

The quota system of deliveries advocated for many years by the Pools was finally introduced. The Government agreed to take delivery of all the 1939 wheat and to hold it as a war reserve. Some policies advocated by the Pool were adopted by the Government, but with handicaps which made successful operation doubtful, if not impossible.

**1940-41.**—The war created new conditions and aggravated the agricultural problem. The Pool threw its full support behind the all-important task of winning the war, but at the same time continued to watch the farmers' interests and to assist in the formulation of policies best

August 2

called for an 85 cent  
wheat price, plus the driller's  
for the revenue of a 50¢ per bushel  
processing tax, and asked for delivery  
quarters; got orders for building farm  
storage, <sup>and</sup> got orders against undelivered  
grain on the farm.

suiting to the needs of agriculture. In this connection the Wheat Pool actively co-operated with the Canadian Federation of Agriculture in outlining agricultural policies to the Federal Government. The Saskatchewan Wheat Pool was instrumental in outlining the six-point program adopted by the Saskatchewan Legislature at the 1941 session, and assisted the Provincial Government in making representations to Ottawa in an attempt to have this program adopted. ~~The six points of this policy in brief were:~~

- (1) That the minimum price for 1941 wheat crop be set at 85 cents per bushel, basis No. 1 at Fort William.
- (2) That a processing tax of 50 cents a bushel be levied on all wheat processed for consumption in Canada, the proceeds of such tax to be added to the minimum price of 85 cents a bushel.
- (3) That the delivery of the 1941 crop be made on an acreage quota, such quota to be determined by the storage space available during the crop year of 1941.
- (4) That the Government of Canada make advances to farmers for the purpose of providing funds with which to build essential farm storage.
- (5) That the Government of Canada make provision for advances to farmers on the credit of the quota to be delivered.
- (6) That the Government of Canada maintain and carry the wheat surplus as an essential part of its war policy.

The Federal Government did not see fit to adopt this program. Instead it restricted deliveries, retained the 70-cent price, and then provided for summerfallow and coarse grains bonuses to supplement the farm income. It was announced by the Federal Government at the time this policy was enunciated that it was a short-term agricultural policy to apply to the 1941 crop year only.

**1941-42.**—Pool farmers throughout Saskatchewan had waged a strenuous campaign in favor of the six-point program, but the decision of the Government definitely rejected it. For the time being, farmers accepted the verdict.

Then, as the summer wore on, and crop conditions became serious in many parts of the province, followed by long sieges of wet weather in the harvest period, crop prospects deteriorated rapidly. Government policy which had been worked on a formula intended to provide a certain standard of income for western agriculture, broke down.

Then came the series of mass meetings throughout Saskatchewan organized by the Saskatchewan Wheat Pool. Farmers by the thousands flocked to these meetings leaving their threshing machines standing idle in many instances, in order to raise their voices in the interests of a better deal for agriculture.

As a direct result of the attention that was focussed upon conditions in Western Canada by these meetings, the Federal Government provided for a supplementary bonus of 75 cents an acre payable to all farmers, which later became known as the Prairie Farm Income bonus. This bonus was paid on the same basis as the P.F.A.A. bonuses, with a maximum to any farmer of \$150.00.



Out of the meetings had arisen the demand for the circulation of a petition and a mass delegation to Ottawa. At the annual meeting of delegates of the Saskatchewan Wheat Pool held in November of 1941, delegates enthusiastically approved a resolution to circulate a petition and to make plans for sending a delegation of 400 or more farmers and business men to Ottawa to press for a better deal for agriculture.

Canvassers took to the roads on horseback, in cars, in sleighs and on foot. Heavy snow blanketed the country in many sections, and the thermometer was registering extreme temperatures. Nevertheless more than 185,000 signatures were obtained, and more than \$40,000 was subscribed in nickels, dimes and quarters to pay the expenses of the delegation. On January 30th, 1942, the delegation left Saskatchewan by two special trains, one from Saskatoon, the other from Regina, to place the case of western farmers before the Cabinet.

Recognition of the principle of parity prices for farm commodities with no price ceilings below the parity level was the important point stressed by the delegation.

An initial price of \$1 per bushel basis No. 1 Northern at the Lake Head and the establishment of an equitable system of crop insurance through the retention and extension of the Prairie Farm Assistance Act were urged.

The requests contained in the petition which was submitted to the federal cabinet at the Chateau Laurier in Ottawa on February 2 were set out in seven points as follows:

#### **THE SEVEN POINTS**

1. That the government recognize and accept the principle of parity prices for all agricultural products.
2. That no price ceiling should be established on agricultural commodities below parity levels which may be established by the Dominion Bureau of Statistics.
3. That equitable delivery quotas on wheat should be established and continued as long as required.
4. That the initial payment on all wheat delivered to the Wheat Board should be not less than \$1.00 per bushel, basis 1 Northern in store Fort William, and that the final settlement should be made on the basis of parity prices above referred to.
5. That the carryover of wheat as at 31st July, 1941, should be regarded as a national emergency war reserve, and that all sales made by the Wheat Board after 31st July, 1941, should be credited to the current season's deliveries.

We would also urge:

6. That suitable amendments should be introduced to The Prairie Farm Assistance Act, so that an adequate and practical crop insurance scheme may be established irrespective of market prices prevailing or the number of townships suffering crop failure.
7. That since the future of our agricultural industry depends largely on our ability (a) To conserve the fertility of our soil; (b) To establish production and marketing methods which, while maintaining continuity of supplies, will also prevent avoidable surpluses;

And since these objectives may involve an increasing degree of control and regulation, including international agreement, such changes should be made in our agricultural policy as may be necessary to achieve these objectives.

The delegation received a good hearing, and consideration of the requests was promised. Cabinet ministers described the presentation as "fair and reasonable".

The whole wheat question became a major national issue, and out of it came a 90 cent initial wheat price, NO PRICE CEILING ON WHEAT, a minimum price on oats and barley, and a fixed price of \$2.25 per bushel on flax. Amendments to the Prairie Farm Assistance Act were brought in making some improvement in the application of the Act to western farm conditions. The Wheat Acreage Reduction payments were retained with modification.

The delegation did not get everything it asked. There was disappointment, but nevertheless the concessions gained constituted a triumph for organized agriculture. Organized Saskatchewan farmers aided as they were by organized farmers in Alberta and Manitoba had demonstrated the value of united action. *(Start here)*

**1942-43.**—During the year the Saskatchewan Wheat Pool continued to press for a better deal for western agriculture. This was done by direct approach to the federal government, and through the Pools' association with the Canadian Federation of Agriculture.

Direct representation was made by the President and Secretary of the Saskatchewan Wheat Pool before the Agricultural Committee of the House of Commons for changes in the Prairie Farm Assistance Act in line with recommendations made by the Ottawa delegation in February of 1942, and for changes in the Wheat Board Act to bring it more in line with the policy outlined by the delegates.

In February of 1943 a submission was presented to the federal cabinet by the Canadian Federation of Agriculture re-affirming the recommendations of the previous year, that the initial price to be paid for wheat by the Canadian Wheat Board should be not less than \$1.00 per bushel, basis No. 1 Northern at the Lakehead or Vancouver. The submission recommended that all wheat sold for domestic consumption should realize not less than \$1.35 per bushel; that no reduction should be made in the total deliverable quantity of wheat below the 280,000,000 bushels, that farmers should be allowed to deliver grain of 1942 production on whatever quotas were applied during the 1942-43 crop year; and that no reduction, which farmers made in wheat acreage in 1943, should operate to reduce delivery quotas, to which they might otherwise be entitled.

### **Parity Principle Re-affirmed**

The Federation re-affirmed its position of the previous year calling for the acceptance of the principle of parity prices for farm commodities.

~~The submission expressed regret that the Government had not seen its way clear to accede to the request of western farm organizations to continue the payment of farm storage on a basis corresponding to that of the previous year.~~

It called for an increase in the guaranteed price of flax from \$2.25 to \$2.50 a bushel and urged that the flax

acreage objective of one million acres in excess of the previous year should be maintained.

The Federation's submission expressed regret that the Government had not seen fit to accede to the request of grain producers that provision be made for a system of advances for deliverable wheat in store on the farms.

It suggested that the proper authorities should undertake a comprehensive survey of the problems involved in soil conservation to the end that marginal land might be saved from becoming sub-marginal.

The submission contained a recommendation that a bonus of \$4.00 per acre be paid on land taken out of cultivation and seeded to grass, and continued at \$2.00 per acre per year for two additional years, provided the land remained in grass.

The submission placed stress upon the importance of the export market for oats and barley which had begun to develop, and urged the Government to take every possible step towards developing and expanding such trade, particularly by negotiation with the United States, designed to integrate the agricultural policies of the two countries.

The Federation called upon the Government to facilitate the issue of export permits and the movement of coarse grains to the United States markets. It contended that the Government's method of marketing the export portion of these grains within the provision of the domestic ceiling price, did not permit the reflection of the full export market value to the producer.

Concerning malting barley, the Federation contended that the Government's price ceiling policy limited the premiums above the market price, which the malting companies were permitted to pay. The submission contended that there was no justification for such limitation of premiums, particularly when the total price of the barley is such a very small factor in the value of the finished product.

It recommended that the Canadian Wheat Board be authorized to handle oats and barley on the same basis that wheat was handled, paying an initial price and issuing participation certificates, provided that the initial prices should not be lower than the existing ceiling prices then applying to oats and barley.

Concerning the production of livestock the Canadian Federation of Agriculture stressed the need for a guarantee of price for livestock and livestock products for the duration of the war and for two years thereafter. This step was recommended as a means of removing the fear of price collapse, which was preventing many farmers from increasing the scale of their livestock production.

The submission re-affirmed the previous recommendation that there should be established a Board of Livestock Commissioners, charged with the responsibility of administering the Livestock and Livestock Producers' Act, that adequate representation of organized producers should be appointed to such a board.

The resumption of the operations of the War Time Food Corporation in line with the operations of that body during the period July 1 to August 18, 1942, was also asked, that producers of beef cattle might receive prices for their livestock, reasonably related to prices prevailing in the United States markets.

The Federation also called for the establishment of a satisfactory price schedule for dairy products that would give assurance of some measure of stability to the dairy industry.

Definite approval of the decision of the Government to work out a comprehensive scheme of national social insurance to provide a measure of social security for the whole of Canada, was contained in the submission.

The Federation also re-affirmed its recommendations of the year previous for an adequate plan of crop yield insurance.

In all these submissions, and indeed in the preparation work, which led up to the drafting of the submission, the Pools were working in close association with the Federation and took a leading part in formulating agricultural policy as applying specifically to Western Canada.

### **Ask Removal of Handicaps**

In June of 1942 the Wheat Pools took the lead in an attempt to remove some of the ~~handicaps placed upon farmers~~ through operation of the quota system and shortage of elevator storage space. That month the Pools advised the Canadian Wheat Board that they were prepared to handle street wheat at a flat handling charge of three cents a bushel. Previously the charge was four cents per bushel for grades one, two and three, and five cents per bushel for four northern and lower grades. These reduced charges became operative on August 1, the beginning of the new crop year. *inequality*

The Pools also took the lead in reducing storage charges on grain from one forty-fifth of a cent per bushel per day to one-fiftieth. Handling spreads on oats and barley were also reduced, all resulting in increasing the return to the grower for the grain he delivered.

In the early part of the crop year 1942-43 it became apparent that Western Canada would probably establish an all time high record of production. In view of the large carryover it was obvious that storage space would be limited and it was extremely unlikely that initial quotas, which could be set, would be sufficient to take care of the cost of harvesting.

After a survey of the situation an inter-provincial meeting of the three Wheat Pool Boards was held, and it was agreed that representation should be made to the Wheat Committee of the Cabinet at Ottawa, in the interests of finding a solution. In October of 1942 representatives of the three Wheat Pool organizations met the Wheat Committee of the Cabinet and recommended that arrangements should be made to make reasonable advances against wheat in store on Western farms to the amount which growers could deliver during the year. It was suggested that a forty cent per bushel advance on wheat might be reasonable.

Two methods by which such advances might be made were suggested:

1. That it be considered a straight banking transaction with the banks making advances to farmers against the security of the grain. (Lack of banking facilities at country points was considered one drawback to this proposal.)

2. That such advances be made by the Canadian Wheat Board under an agreement between the Wheat Board and all grain companies.

It was suggested that the elevator companies could use their own pay master arrangements for making the advances, and subsequently collect the amounts from the Wheat Board. It was suggested as an additional safeguard that permit books could be deposited with the elevator company making the advance. The company could then make the collection and arrange settlement when subsequent deliveries were made by the grower. The Government, however, rejected the whole proposal.

In pressing for acceptance of the principle of paying storage on farm stored grain it was pointed out that if it were possible for the Wheat Board to accept delivery of the 280,000,000 bushels of wheat immediately, storage charges on the grain would be paid to the elevator companies for carrying the unsold portion.

Pool representatives contended, therefore, that it was only fair that carrying charges should be allowed to the growers on that part of their deliverable wheat, for which they could not obtain elevator storage space.

The government took the attitude that the adoption of such a policy might have the tendency to induce farmers to hold back their grain to get the additional storage earnings, and that a rush of deliveries might over-tax the handling capacity of the elevators in the latter part of the season. They expressed the fear that such a policy might result in failure to get delivery of the season's quota within the crop year, and consequently the proposal was rejected.

### **Pools, Dominant Factor**

Through the years the Pools have become the dominant factor in the grain marketing field. What the Pools do today in matters of handling and storage charges others practically have to do tomorrow. Thus, through action of the Pools, millions of dollars have been saved to the farmer of Western Canada, and many of the benefits have accrued to Pool and non-Pool farmers alike.

Western Canada will enter the new 1943-44 crop year with certain definite advantages over previous years, but with many clauses in the farmers' own agricultural policy still unattained.

The principle of parity of prices—prices which bear a fair and proper relationship to the costs of the things which the farmer must buy to keep his family and to keep his farm in production is the objective for which organized farmers must aim. With this must be linked an equitable system of debt adjustment that will remove some of the economic handicaps under which agriculture is striving. By united effort Saskatchewan farmers have accomplished a great deal. There is still much to be done, and in this task organized agriculture will "need every man we can muster."





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